



# Annual Report 2024

Mission Beach Community  
Enterprises Limited

Community Bank  
Mission Beach

ABN 15 129 575 560

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# Chair's report

For year ending 30 June 2024

## Introduction

I am pleased to provide this report to Mission Beach Community Enterprises Ltd (MBCEL) shareholders for the financial year 2023-24. The audited financial statements in this Annual Report record an after-tax profit for the company of \$105,193. This year, our company consolidated its financial position and continued to invest in its operations.

## Financial Matters

The FY23-24 resulted in a solid performance for the company. While not replicating the strong result from the previous reporting period, FY23-24 returned a respectable profit. Uncertainty about future economic conditions tied to decisions by governments and the Reserve Bank of Australia (RBA), means the board is taking a cautious approach.

As the margin income from lending products is a significant source of income for MBCEL, limited movements in interest rates saw revenue growth stall. Although the RBA has yet to move, in recent weeks, several commercial banks made decisions to cut interest rates on some of their products. Lower interest rates will impact on revenue to our company.

During FY23-24, MBCEL made \$8,300 in donations and sponsorships to local organisations, clubs and events, in support of the Mission Beach community. This was a minor decrease from the previous year, although the board is currently actively considering several new sponsorship requests for the current financial year.

The board is also continuing to invest in Community Bank Mission Beach. The branch has new flooring and will soon have new privacy screening to the front offices. These improvements and last year's renewal of our franchise agreement with Bendigo Bank and the lease at our current location, has seen an increase in costs flow through to this year's statement.

Lastly, as we seek to continue to improve our service to our customers, the board approved additional hours for existing employees and a new part time role commencing in the branch. This has increased employee expenses. However, this will give more opportunities to our lending qualified staff to pursue opportunities to engage customers.

## The Board

The MBCEL board was relatively stable during FY23-24. Anita Morton, Kerry Nolan and I, have continued as Directors. We welcomed a familiar face back to the board, Kelly Cavallaro, who accepted re-appointed as a Director in September 2023. Amanda Dalton was appointed as a Director in September 2023 but resigned in July 2024.

The board and MBCEL are very fortunate indeed to retain the services of Kelly Cavallaro as our experienced and capable Company Secretary. I want to recognise Kelly's significant ongoing contribution to MBCEL. The board is currently in the process of identifying and recruiting potential new Directors.

## The Branch

Stefanie Raiti has provided stable leadership as Branch Manager for the duration of FY 23-24. Stef leads a team of five staff and takes pride in a level of service that focuses on the needs of the customer, delivered professionally and consistently, in accordance with the standards and regulatory framework of the banking and financial services sector.

As our Customer Relationship Manager, Roslyn Butcher has progressed through her training and is now a qualified lender. Nicole Hogan and Kathy Sheahan have continued in their customer service roles. After a lengthy recruitment process, April Denton has recently commenced at the branch in an additional part-time customer service role.

## Chair's report (continued)

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### **Conclusion**

In view of the solid result for FY23-24, the board has declared a dividend to shareholders of 3 cents per share, unfranked. This reflects the earnings per share declining from 22.74 cents in FY22-23, to 12.02 cents in FY23-24. Notwithstanding that particular result, there are several other positive measures in the FY23-24 MBCEL financial statement of note.

Total assets have increased by \$3,331, while total liabilities have declined by \$58,112. As such, the company's total equity results increased by \$61,443 for the reporting period. The board is proud of the fact Community Bank Mission Beach has the longest trading hours of any bank in the Cassowary Coast Region. I thank our shareholders for their ongoing support of MBCEL.

Yours Sincerely,



**Andrew Cripps**  
**Chair**  
**Mission Beach Community Enterprises Ltd**

# Manager's report

For year ending 30 June 2024

Hello,

My name is Stefanie Raiti, Branch Manager for Community Bank Mission Beach.

I feel like 2023 was yesterday, and it gives me great pride to present an update on our branch's performance over the past year, especially as we reflect on the hard work that has built our branch into the success it is today

One of the key drivers of our growth has been our commitment to training and development. We are fortunate to offer the longest trading hours of any bank on the Cassowary Coast, trading Mon- Fri 9.30am – 5pm. This dedication to equipping our team with the best skills and

knowledge has set us apart from the competition. It ensures that our staff delivers exceptional service and remains at the forefront of industry changes. In addition, our branch has maintained its position as a full-service bank, meeting the diverse needs of our customers across personal, business, and corporate banking. This approach has seen a notable increase in local customers choosing to bank with us, as we continue to provide reliable and tailored financial solutions to the community.

This year marks a significant milestone as we celebrate our 16th anniversary. It's a proud moment for all of us, and I want to extend my gratitude to our customers, staff and board for their continuous support in making our branch what it is today.

If you have visited the branch recently, you may have noticed some exciting changes. Bendigo Bank has officially rolled out a brand refresh and we are thrilled to be part of this transformation. The new modern look, now completed, with the installation of new internal carpet, has given the branch a fresh and vibrant feel, creating a welcoming and professional environment for our customers.

As the banking world continues to progress into the digital space, we at Bendigo Bank are embracing the change while staying true to what sets us apart – our commitment to personalized service. We are proud to offer the best of both worlds. While we have made significant strides in digital banking, we continue to maintain customer service officers and in-house lenders for those moments when face-to-face contact is preferred. At Bendigo Bank, we are digital by design and human when it matters. This unique approach allows us to meet the evolving needs of our customers, offering convenience and efficiency while preserving the personal touch that remains at the heart of our service.

As we continue to navigate the ever-evolving landscape of banking, one of our key priorities is to educate our customers on all things digital banking. We are excited to see more of our

customers embracing these tools and taking control of their financial futures. Our goal is to ensure that everyone has the knowledge and confidence to manage their finances efficiently, whether through online banking or in-person support.

Being the only financial institution in Mission Beach is a significant achievement and one we take great pride in. As a true Community Bank, we understand that the more customers who choose to bank with us, the greater our ability to give back and support local initiatives.

This year, we were able to contribute to some wonderful local events, including the Village Green Christmas Party, which brought the community together in a celebration. In addition, we hosted a business banking breakfast for our rural and business customers, providing them with insights, networking opportunities, and a chance to discuss their financial needs in a supportive environment.

## Manager's report (continued)

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Our commitment to the community goes hand in hand with our banking services, and we are excited to continue building strong, local relationships.

I would like to take this opportunity to extend my heartfelt thanks to my wonderful branch staff. Our success over the past 12 months would not have been possible without their hard work and dedication to our customers.

Ros Butcher, our full-time Customer Relationship Manager, has been instrumental in helping our clients navigate their home financing needs. Nicole Hogan and Kath Sheahan, our Customer Service Officers, have consistently provided exceptional service, ensuring that every customer feels valued. I would also like to welcome our newest part-time Customer Service Office, April Denton, who has already made a positive impact.

The team always puts our customers first, delivering excellent customer service day in and day out. The dedication has allowed the branch to run efficiently and successfully through the year.

Lastly, I would like to extend a sincere thank you to our hard-working voluntary board members. Chair Andrew Cripps, Secretary Kelly Cavallaro, Treasurer Kerry Nolan and Director Anita Morton, who have all played vital roles in supporting the branch's success. This year has been a testament to the collaboration and growth between the branch and the board, as we continue to work together with a shared vision.

I feel that we are united as a team, dedicated to delivering a successful business for both our shareholders and the local community. We truly appreciate the board's unwavering support and commitment throughout the year.

**Stefanie Raiti**  
**Branch Manager**

# Bendigo and Adelaide Bank report

For year ending 30 June 2024

This past year has been particularly significant for Bendigo Bank and the Community Bank network. After five years apart, we had the opportunity to come together in person and connect in Bendigo at our National Conference in September.

It was lovely to see so many familiar faces and to meet many directors who haven't attended previously. We feel proud to support such an amazing network.

We are committed to our strategy and the qualities that make Bendigo Bank unique, by staying true to our connection with communities, our regional roots, and our position as Australia's most trusted bank.

As Bendigo Bank adapts to the evolving digital landscape and changing customer expectations, the Community Bank Network is organically evolving in response.

Over the past 12 months, we have seen Community Bank companies seek to enhance their presence within their communities more than ever.

This has been through expanding or consolidating branch sites, collaborating with local, state, and national governments to support community initiatives, or by prioritising social value alongside financial performance through Social Trader accreditation.

The anniversary of the Community Bank model, along with changing environmental factors, provides an opportunity to reset and establish a clear pathway towards the next 25 years.

Bendigo Bank's purpose, to feed into the prosperity of communities, and our willingness to ensure our purpose is relevant to the needs of communities in which we are present, is a key contributor to our commercial success.

When we utilise our combined strengths, exercise our imaginations and have the courage to commit to creating our own opportunities, we will be the partner of choice for customers and communities regardless of location or cause.

Community, regional presence, and trust are the distinctive attributes of Bendigo Bank that we have maintained and plan to uphold in the future.

While Bendigo Bank emphasises commercial success, our foundation remains in community values. Our aim is to generate mutual value by providing solutions to local challenges.

On behalf of Bendigo Bank, thank you for being a shareholder in your local Community Bank. Your contribution helps foster economic growth, creates employment opportunities, and provides essential financial services to the members of your community.

Your dedication and support is making a positive impact on your community.

**Justine Minne**  
**Bendigo and Adelaide Bank**

# Directors' report

## 30 June 2024

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2024.

### Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	Andrew Peter Cripps
Title:	Non-executive director
Experience and expertise:	Member for Hinchinbrook (Queensland Parliament) 2006 - 2017. Minister for Natural Resources and Mines (QLD) 2012 - 2015. Councillor Hinchinbrook Shire Council 2018 - 2024. Deputy Mayor Hinchinbrook Shire Council 2020 - 2024. B Econ/BA (Hons), JP (Qual), GAICD, Director - Front Row Advisory Services Pty Ltd.
Name:	Anita Elspeth Morton
Title:	Non-executive director
Experience and expertise:	Anita has worked in the Finance Industry for 40 years. She had her own business for 12 years. Past member QCWA. Current workplace Health and Safety Advisor.
Special responsibilities:	Risk Committee
Name:	Kerry Allan Nolan
Title:	Non-executive director
Experience and expertise:	CPA qualified accountant with 10 years of work experience from small business up to large corporate. Living at Mission Beach for the last 9 years and looking to contribute to the fantastic community I have called home. Presently employed in the local area in the role of accountant for a large company.
Special responsibilities:	Treasurer.
Name:	Kelly Cavallaro
Title:	Non-executive director (appointed 26 September 2023)
Experience and expertise:	Kelly is an Accountant and Director of KLP Taxation Pty Ltd. Her qualifications include FIPA, MBA, B.Bus(Acc). Kelly is a Fellow of the Institute of Public Accountants with over 20 years experience in both public practice and corporate accounting roles. Originally growing up in Stawell in country Victoria, Kelly relocated to the Sunshine Coast where she began her career in an accounting practice. She studied her Bachelor's Degree externally through the University of Southern Queensland. During her career Kelly spent some time in Mount Isa where she met her husband, and then relocated to Mission Beach to start a family and her own practice KLP Taxation. Kelly has successfully ran her own practice for the past 15 years and is well known in the Mission Beach area. She is actively involved in many community groups. Kelly brings a wealth of knowledge to the Board in the field of Accounting and Finance and enjoys the challenges and rewards time with the Board brings.
Special responsibilities:	Company Secretary.



## Directors' report (continued)

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Name: Maria Paz Ribbeck Donoso  
Title: Non-executive director (resigned 3 February 2024)  
Experience and expertise: Maria actively works with cane and banana growers in Tully by providing support in the implementation of farming practices that will help them conform with environmental regulations associated to water quality entering the GBR, this is part of Canegrowers and the Wet Tropics Major Integrated Project initiatives. Maria holds a bachelor's degree in Agricultural Resource Management and Engineering, as well as a diploma in Agribusiness from Pontificia Universidad Católica de Chile, ranked one of the best Universities in Latin America. Part of her degree was completed at the renowned University of California, Davis USA. In the past she has represented growers and fresh produce export companies from South America in England and Holland. Maria has extensive experience holding diverse managerial positions in Sales, Business Development and more recently as a Division Manager at one of the major Australian fresh produce corporations. Currently managing two small family businesses in the industries of building and housing. Co-author of a research paper that studies the potential for water quality credit trading run by Griffith University. As part of her current role Maria has been granted funding to develop a theatre piece that will facilitate the understanding of difficult science topics, she has undertaken the role of the play writer as well. Maria is a member of the Mission Beach & Burgundy Club. She greatly enjoys her time living in Mission Beach and engaging with such vibrant community.

Special responsibilities: Nil.

Name: Amanda Dalton  
Title: Non-executive director (Appointed 26 September 2023, resigned 24 July 2024)  
Experience and expertise:  
Special responsibilities: Nil

### Company secretary

The Company Secretary is Kelly Cavallaro. Kelly was appointed to the position of Company secretary on 10 September 2021.

### Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

### Review of operations

The profit for the company after providing for income tax amounted to \$105,193 (30 June 2023: \$199,000).

Operations have continued to perform in line with expectations.

### Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	2024	2023
	\$	\$
Unfranked dividend of 5 cents per share (2023: 1 cents)	<u>43,750</u>	<u>8,750</u>

### Significant changes in the state of affairs

On 1 July 2023, Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has reduced the income earned on these products.

There were no other significant changes in the state of affairs of the company during the financial year.

## Directors' report (continued)

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

### Likely developments and expected results of operations

No matter, circumstance or likely development in operations has arisen during or since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

### Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### Meetings of directors

The number of directors meetings attended by each of the directors of the company during the financial year were:

	Board Eligible	Attended
Andrew Peter Cripps	12	12
Anita Elspeth Morton	12	6
Kerry Allan Nolan	12	8
Kelly Cavallaro	10	10
Maria Paz Ribbeck Donoso	7	1
Amanda Dalton	11	8

### Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 22 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

### Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Andrew Peter Cripps	1,000	-	1,000
Anita Elspeth Morton	-	-	-
Kerry Allan Nolan	-	-	-
Kelly Cavallaro	-	-	-
Maria Paz Ribbeck Donoso	-	-	-
Amanda Dalton	-	-	-

### Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

### Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

## Directors' report (continued)

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### **Indemnity and insurance of directors and officers**

The company has indemnified all directors and management in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or management of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

### **Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

### **Non-audit services**

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 23 to the accounts.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Andrew Peter Cripps  
Chair

23 September 2024

# Auditor's independence declaration



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
afs@afsbendigo.com.au  
03 5443 0344

## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Mission Beach Community Enterprises Limited

As lead auditor for the audit of Mission Beach Community Enterprises Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 23 September 2024

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

**Jessica Ritchie**  
**Lead Auditor**

# Financial statements

## Mission Beach Community Enterprises Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	6	681,736	706,203
Other revenue		-	25,625
Finance revenue		483	175
Total revenue		<u>682,219</u>	<u>732,003</u>
Employee benefits expense	7	(327,348)	(278,200)
Advertising and marketing costs		(3,229)	(1,950)
Occupancy and associated costs		(33,923)	(22,187)
System costs		(14,773)	(14,123)
Depreciation and amortisation expense	7	(66,206)	(57,003)
Finance costs	7	(13,635)	(9,762)
General administration expenses		(75,503)	(72,157)
Total expenses before community contributions and income tax expense		<u>(534,617)</u>	<u>(455,382)</u>
<b>Profit before community contributions and income tax expense</b>		147,602	276,621
Charitable donations and sponsorships expense		<u>(8,300)</u>	<u>(11,288)</u>
<b>Profit before income tax expense</b>		139,302	265,333
Income tax expense	8	<u>(34,109)</u>	<u>(66,333)</u>
<b>Profit after income tax expense for the year</b>		105,193	199,000
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>105,193</u></u>	<u><u>199,000</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	25	12.02	22.74
Diluted earnings per share	25	12.02	22.74

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

## Financial statements (continued)

### Mission Beach Community Enterprises Limited Statement of financial position As at 30 June 2024

	Note	2024 \$	2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	276,256	169,868
Trade and other receivables	10	34,159	49,471
Financial assets	11	11,320	8,913
Total current assets		<u>321,735</u>	<u>228,252</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	63,240	60,034
Right-of-use assets	13	175,873	221,900
Intangible assets	14	57,185	70,407
Deferred tax assets	8	75,888	109,997
Total non-current assets		<u>372,186</u>	<u>462,338</u>
<b>Total assets</b>		<u>693,921</u>	<u>690,590</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	34,271	41,210
Lease liabilities	16	47,367	33,743
Total current liabilities		<u>81,638</u>	<u>74,953</u>
<b>Non-current liabilities</b>			
Trade and other payables	15	46,469	61,958
Lease liabilities	16	139,402	187,819
Provisions		11,206	12,097
Total non-current liabilities		<u>197,077</u>	<u>261,874</u>
<b>Total liabilities</b>		<u>278,715</u>	<u>336,827</u>
<b>Net assets</b>		<u>415,206</u>	<u>353,763</u>
<b>Equity</b>			
Issued capital	17	856,704	856,704
Accumulated losses		<u>(441,498)</u>	<u>(502,941)</u>
<b>Total equity</b>		<u>415,206</u>	<u>353,763</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

## Financial statements (continued)

### Mission Beach Community Enterprises Limited Statement of changes in equity For the year ended 30 June 2024

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2022</b>		856,704	(693,191)	163,513
Profit after income tax expense		-	199,000	199,000
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	199,000	199,000
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(8,750)	(8,750)
<b>Balance at 30 June 2023</b>		<u>856,704</u>	<u>(502,941)</u>	<u>353,763</u>
<b>Balance at 1 July 2023</b>		856,704	(502,941)	353,763
Profit after income tax expense		-	105,193	105,193
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	105,193	105,193
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(43,750)	(43,750)
<b>Balance at 30 June 2024</b>		<u>856,704</u>	<u>(441,498)</u>	<u>415,206</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

## Financial statements (continued)

### Mission Beach Community Enterprises Limited Statement of cash flows For the year ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		766,730	787,350
Payments to suppliers and employees (inclusive of GST)		(536,619)	(449,287)
Interest received		483	175
Interest and other finance costs paid		(19)	(1,291)
Net cash provided by operating activities	24	<u>230,575</u>	<u>336,947</u>
<b>Cash flows from investing activities</b>			
Investment in term deposits		(2,407)	-
Payments for property, plant and equipment	12	(16,870)	(19,197)
Payments for intangible assets		(14,030)	(14,030)
Net cash used in investing activities		<u>(33,307)</u>	<u>(33,227)</u>
<b>Cash flows from financing activities</b>			
Interest and other finance costs paid		(12,860)	(8,471)
Dividends paid	19	(43,750)	(8,750)
Repayment of lease liabilities		(34,270)	(32,503)
Net cash used in financing activities		<u>(90,880)</u>	<u>(49,724)</u>
Net increase in cash and cash equivalents		106,388	253,996
Cash and cash equivalents at the beginning of the financial year		<u>169,868</u>	<u>(84,128)</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>276,256</u></u>	<u><u>169,868</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*



# Notes to the financial statements

**30 June 2024**

## **Note 1. Reporting entity**

The financial statements cover Mission Beach Community Enterprises Limited (the company) as an individual entity.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

### **Registered office**

52 Holland Street, Wongaling Beach QLD 4852

### **Principal place of business**

Shop 5, 34-40 Dickinsons Street, Wongaling Beach QLD 4852

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

## **Note 2. Basis of preparation and statement of compliance**

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 September 2024. The directors have the power to amend and reissue the financial statements.

## **Note 3. Material accounting policy information**

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

### **Adoption of new and revised accounting standards**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

*AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

### **Accounting standards issued but not yet effective**

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been early adopted, nor are they expected to have a material impact on the company in future financial years.

# Notes to the financial statements (continued)

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## **Note 3. Material accounting policy information (continued)**

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

### **Impairment of financial assets**

The company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

### **Impairment of non-financial assets**

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## **Note 4. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### **Judgements**

#### *Timing of revenue recognition associated with trail commission*

The company receives trailing commission from Bendigo Bank for products and services sold. Ongoing trailing commission payments are recognised on a monthly basis when earned as there is insufficient detail readily available to estimate the most likely amount of revenue without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission revenue is outside the control of the company.

#### *Allowance for expected credit losses on trade and other receivables*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

## Notes to the financial statements (continued)

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### Note 4. Critical accounting judgements, estimates and assumptions (continued)

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:

- The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.
- The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit. The directors are not aware of any such non-compliance at balance date.
- The company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company.
- The company has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

#### *Impairment of non-financial assets*

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The directors did not identify any impairment indications during the financial year.

#### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

#### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term.

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

### **Estimates and assumptions**

#### *Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

#### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, which is generally the case for the company's lease agreements, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. This rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

## Notes to the financial statements (continued)

### Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry for July 2028.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

### Note 6. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	578,883	614,748
Fee income	49,667	46,570
Commission income	53,186	44,885
	<u>681,736</u>	<u>706,203</u>

#### *Accounting policy for revenue from contracts with customers*

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

## Notes to the financial statements (continued)

### Note 6. Revenue from contracts with customers (continued)

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement, as follows:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

#### *Revenue calculation*

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

#### *Margin income*

Margin income on core banking products is arrived at through the following calculation:

	Interest paid by customers on loans less interest paid to customers on deposits
<b>plus:</b>	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
<b>minus:</b>	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

#### *Commission income*

Commission income is generated from the sale of products and services. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation. Refer to note 4 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission..

#### *Fee income*

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank including fees for loan applications and account transactions.

#### *Core banking products*

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

#### *Ability to change financial return*

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

## Notes to the financial statements (continued)

### Note 7. Expenses

#### Depreciation and amortisation expense

	2024 \$	2023 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	8,008	6,286
Plant and equipment	5,656	1,018
	<u>13,664</u>	<u>7,304</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	39,320	36,477
<i>Amortisation of intangible assets</i>		
Franchise fee	2,203	2,204
Franchise renewal fee	11,019	11,018
	<u>13,222</u>	<u>13,222</u>
	<u>66,206</u>	<u>57,003</u>

#### Finance costs

	2024 \$	2023 \$
Lease interest expense	12,860	8,471
Unwinding of make-good provision	756	420
Other	19	871
	<u>13,635</u>	<u>9,762</u>

Finance costs are recognised as expenses when incurred using the effective interest rate.

#### Employee benefits expense

	2024 \$	2023 \$
Wages and salaries	261,646	220,590
Non-cash benefits	1,420	-
Superannuation contributions	29,836	25,410
Expenses related to long service leave	1,992	4,421
Other expenses	32,454	27,779
	<u>327,348</u>	<u>278,200</u>

#### *Accounting policy for employee benefits*

The company seconded employees from Bendigo and Adelaide Bank Limited. The total cost of these employees, including an allowance for accrued annual and long service leave, is charged to the company by Bendigo and Adelaide Bank Limited by offsetting against the monthly profit share arrangement. The company recognises these costs as an expense on a monthly basis.

#### Leases recognition exemption

	2024 \$	2023 \$
Expenses relating to low-value leases	<u>4,293</u>	<u>4,551</u>

## Notes to the financial statements (continued)

### Note 8. Income tax

	2024 \$	2023 \$
<i>Income tax expense</i>		
Movement in deferred tax	(2,254)	(1,343)
Under/over adjustment in respect for prior periods	(993)	-
Recoupment of prior year tax losses	<u>37,356</u>	<u>67,676</u>
Aggregate income tax expense	<u>34,109</u>	<u>66,333</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>139,302</u>	<u>265,333</u>
Tax at the statutory tax rate of 25%	34,826	66,333
Tax effect of:		
Non-deductible expenses	<u>276</u>	<u>-</u>
	35,102	66,333
Under/over adjustment in respect for prior periods	<u>(993)</u>	<u>-</u>
Income tax expense	<u>34,109</u>	<u>66,333</u>
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets</i>		
Expense accruals	1,050	999
Carried forward tax losses	71,344	107,707
Deductible prepayments	(2,031)	(1,649)
Provision for lease make good	2,801	3,024
Lease liabilities	46,692	55,391
Right-of-use assets	<u>(43,968)</u>	<u>(55,475)</u>
Deferred tax asset	<u>75,888</u>	<u>109,997</u>

#### *Accounting policy for income tax*

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

#### *Accounting policy for deferred tax*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

### Note 9. Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank and on hand	<u>276,256</u>	<u>169,868</u>

## Notes to the financial statements (continued)

### Note 10. Trade and other receivables

	2024 \$	2023 \$
Trade receivables	26,034	42,434
Other receivables and accruals	-	440
Prepayments	8,125	6,597
	<u>8,125</u>	<u>7,037</u>
	<u>34,159</u>	<u>49,471</u>
	2024 \$	2023 \$
<i>Financial assets at amortised cost classified as trade and other receivables</i>		
Total trade and other receivables	34,159	49,471
less GST receivable from the ATO include in trade and other receivables	-	(1,867)
	<u>34,159</u>	<u>47,604</u>

#### Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.

### Note 11. Financial assets

	2024 \$	2023 \$
Term deposits - at amortised cost	<u>11,320</u>	<u>8,913</u>

### Note 12. Property, plant and equipment

	2024 \$	2023 \$
Leasehold improvements - at cost	134,577	131,727
Less: Accumulated depreciation	(87,531)	(79,523)
	<u>47,046</u>	<u>52,204</u>
Plant and equipment - at cost	78,265	89,067
Less: Accumulated depreciation	(62,071)	(81,237)
	<u>16,194</u>	<u>7,830</u>
	<u>63,240</u>	<u>60,034</u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2022	44,520	3,621	48,141
Additions	13,970	5,227	19,197
Depreciation	(6,286)	(1,018)	(7,304)
	<u>52,204</u>	<u>7,830</u>	<u>60,034</u>
Balance at 30 June 2023	52,204	7,830	60,034
Additions	2,850	14,020	16,870
Depreciation	(8,008)	(5,656)	(13,664)
	<u>47,046</u>	<u>16,194</u>	<u>63,240</u>
Balance at 30 June 2024	<u>47,046</u>	<u>16,194</u>	<u>63,240</u>



## Notes to the financial statements (continued)

### Note 12. Property, plant and equipment (continued)

#### *Accounting policy for property, plant and equipment*

Property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	20 years
Plant & equipment	4 - 20 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Note 13. Right-of-use assets

	2024	2023
	\$	\$
Land and buildings - right-of-use	359,598	361,242
Less: Accumulated depreciation	<u>(183,725)</u>	<u>(139,342)</u>
	<u>175,873</u>	<u>221,900</u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings \$
Balance at 1 July 2022	258,377
Depreciation expense	<u>(36,477)</u>
Balance at 30 June 2023	221,900
Remeasurement adjustments	(6,707)
Depreciation expense	<u>(39,320)</u>
Balance at 30 June 2024	<u>175,873</u>

#### *Accounting policy for right-of-use assets*

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Refer to note 16 for more information on lease arrangements.

## Notes to the financial statements (continued)

### Note 14. Intangible assets

	2024 \$	2023 \$
Franchise fee	22,753	22,753
Less: Accumulated amortisation	<u>(13,222)</u>	<u>(11,019)</u>
	<u>9,531</u>	<u>11,734</u>
Franchise renewal fee	113,766	113,766
Less: Accumulated amortisation	<u>(66,112)</u>	<u>(55,093)</u>
	<u>47,654</u>	<u>58,673</u>
	<u><u>57,185</u></u>	<u><u>70,407</u></u>

Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2022	2,203	11,018	13,221
Additions	11,735	58,673	70,408
Amortisation expense	<u>(2,204)</u>	<u>(11,018)</u>	<u>(13,222)</u>
Balance at 30 June 2023	11,734	58,673	70,407
Amortisation expense	<u>(2,203)</u>	<u>(11,019)</u>	<u>(13,222)</u>
Balance at 30 June 2024	<u><u>9,531</u></u>	<u><u>47,654</u></u>	<u><u>57,185</u></u>

#### Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	July 2028
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2028

Amortisation methods, useful life, and residual values are reviewed and adjusted, if appropriate, at each reporting date.

### Note 15. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	13,960	22,455
Other payables and accruals	<u>20,311</u>	<u>18,755</u>
	<u><u>34,271</u></u>	<u><u>41,210</u></u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u><u>46,469</u></u>	<u><u>61,958</u></u>

## Notes to the financial statements (continued)

### Note 15. Trade and other payables (continued)

	2024 \$	2023 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	80,740	103,168
less GST payable to the ATO included in trade and other payables	(4,355)	-
	<u>76,385</u>	<u>103,168</u>

### Note 16. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>47,367</u>	<u>33,743</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>139,402</u>	<u>187,819</u>
<i>Reconciliation of lease liabilities</i>		
	2024 \$	2023 \$
Opening balance	221,562	254,065
Remeasurement adjustments	(523)	-
Lease interest expense	12,860	8,471
Lease payments - total cash outflow	(47,130)	(40,974)
	<u>186,769</u>	<u>221,562</u>

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Mission Beach Branch	7.40%	5 years	Nil	N/A	July 2028

#### *Accounting policy for lease liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### Note 17. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	875,000	875,000	875,000	875,000
Less: Equity raising costs	-	-	(18,296)	(18,296)
	<u>875,000</u>	<u>875,000</u>	<u>856,704</u>	<u>856,704</u>

#### *Accounting policy for issued capital*

Ordinary shares are recognised at the fair value of the consideration received by the company being \$1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

## Notes to the financial statements (continued)

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### Note 17. Issued capital (continued)

#### *Rights attached to issued capital*

##### *Ordinary shares*

##### Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

##### Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

##### Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

##### *Prohibited shareholding interest*

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and their associates) has a prohibited shareholding interest in are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

### Note 18. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

## Notes to the financial statements (continued)

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### Note 18. Capital management (continued)

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

There were no changes in the company's approach to capital management during the year.

### Note 19. Dividends

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2024	2023
	\$	\$
Unfranked dividend of 5 cents per share (2023: 1 cents)	<u>43,750</u>	<u>8,750</u>

### Note 20. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments and lease liabilities. The company does not have any derivatives.

The directors are responsible for monitoring and managing the financial risk exposure of the company, to which end it monitors the financial risk management policies and exposures and approves financial transactions within the scope of its authority.

The directors have identified that the only significant financial risk exposures of the consolidated entity are liquidity and market (price) risk. Other financial risks are not significant to the company due to the following factors:

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The company has no borrowings.

Further details regarding the categories of financial instruments held by the company that hold such exposure are detailed below.

# Notes to the financial statements (continued)

## Note 20. Financial risk management (continued)

	2024 \$	2023 \$
<b>Financial assets at amortised cost</b>		
Trade and other receivables (note 10)	34,159	47,604
Cash and cash equivalents (note 9)	276,256	169,868
Financial assets (note 11)	11,320	8,913
	<u>321,735</u>	<u>226,385</u>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables (note 15)	76,385	103,168
Lease liabilities (note 16)	186,769	221,562
	<u>263,154</u>	<u>324,730</u>

### Accounting policy for financial instruments

#### Financial assets

##### Classification

The company measures its financial assets at amortised costs.

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

##### Derecognition

A financial asset is derecognised when the company's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

##### Impairment of trade and other receivables

Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables. Refer to note 4 for further information.

#### Financial liabilities

##### Classification

The company measures its financial liabilities at amortised cost.

The company's financial liabilities measured at amortised costs comprise trade and other payables and lease liabilities.

##### Derecognition

A financial liability is derecognised when it is extinguished, cancelled or expires.

#### Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held cash and cash equivalents of \$276,256 at 30 June 2024 (2023: \$169,868).

#### Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

## Notes to the financial statements (continued)

### Note 20. Financial risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following are the company's remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2024</b>				
Trade and other payables	29,916	46,469	-	76,385
Lease liabilities	48,945	166,755	-	215,700
Total non-derivatives	<u>78,861</u>	<u>213,224</u>	<u>-</u>	<u>292,085</u>
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2023</b>				
Trade and other payables	41,210	61,958	-	103,168
Lease liabilities	41,042	164,167	44,462	249,671
Total non-derivatives	<u>82,252</u>	<u>226,125</u>	<u>44,462</u>	<u>352,839</u>

### Note 21. Key management personnel disclosures

The following persons were directors of Mission Beach Community Enterprises Limited during the financial year and/or up to the date of signing of these Financial Statements.

Andrew Peter Cripps  
Anita Elspeth Morton  
Kerry Allan Nolan

Kelly Cavallaro  
Maria Paz Ribbeck Donoso  
Amanda Dalton

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

### Note 22. Related party transactions

#### Key management personnel

Disclosures relating to key management personnel are set out in note 21.

#### Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

#### Terms and conditions of transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

## Notes to the financial statements (continued)

### Note 22. Related party transactions (continued)

#### Transactions with related parties

	2024 \$	2023 \$
The company used KLP Taxation for secretarial services during the year of which Kelly Cavallaro is a Director.	6,050	-

### Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditors of the company:

	2024 \$	2023 \$
<i>Audit services - AFS</i>		
Audit or review of the financial statements	6,450	5,400
<i>Non audit services - AFS</i>		
Taxation advice and tax compliance services	900	1,060
General advisory services	2,610	2,780
Share registry services	5,995	4,577
	<u>9,505</u>	<u>8,417</u>
	<u>15,955</u>	<u>13,817</u>

### Note 24. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	105,193	199,000
Adjustments for:		
Depreciation and amortisation	66,206	57,003
Lease liabilities interest amount	12,860	8,471
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	15,312	(17,979)
Decrease in deferred tax assets	34,109	66,333
Increase in other operating assets	-	(175)
Increase/(decrease) in trade and other payables	(5,999)	23,874
Increase in other provisions	2,894	420
Net cash provided by operating activities	<u>230,575</u>	<u>336,947</u>

### Note 25. Earnings per share

	2024 \$	2023 \$
Profit after income tax	<u>105,193</u>	<u>199,000</u>



## Notes to the financial statements (continued)

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### Note 25. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>875,000</u>	<u>875,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>875,000</u>	<u>875,000</u>
	Cents	Cents
Basic earnings per share	12.02	22.74
Diluted earnings per share	12.02	22.74

#### *Accounting policy for earnings per share*

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Mission Beach Community Enterprises Limited, by the weighted average number of ordinary shares outstanding during the financial year.

### Note 26. Commitments

The company has no commitments contracted for which would be provided for in future reporting periods.

### Note 27. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

### Note 28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

# Directors' declaration

**30 June 2024**

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Andrew Peter Cripps  
Chair

23 September 2024

# Independent audit report



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
ABN: 65 684 604 390  
afs@afsbendigo.com.au  
03 5443 0344

## Independent auditor's report to the Directors of Mission Beach Community Enterprises Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Mission Beach Community Enterprises Limited (the company), which comprises:

- Statement of financial position as at 30 June 2024
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity for the year then ended
- Statement of cash flows for the year then ended
- Notes to the financial statements, including material accounting policies
- The directors' declaration.

In our opinion, the accompanying financial report of Mission Beach Community Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Andrew Frewin Stewart  
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## Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated this 23<sup>rd</sup> day of September 2024

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

**Jessica Ritchie**  
Lead Auditor

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 /communitybankmissionbeach

 **Bendigo Bank**